

MAKE IN INDIA : INDUSTRIAL PRODUCTION
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Abstract

Make in India is aimed at making India a manufacturing hub and economic transformation while eliminating the unnecessary laws and regulations, making bureaucratic processes easier, making the government more transparent, responsive and accountable and to take manufacturing growth to 10% on a sustainable basis. "Make in India " programmer is basically launched to boost the manufacturing sector which is in a very bad shape over the past 3 decades. Economic theories and empirical studies have postulated that manufacturing is the main engine of growth in an economy. In order to develop India into a global manufacturing giant, the NDA Government unveiled the national program of 'Make in India' last year with an aim to facilitate investments, foster innovation and build the best in class manufacturing infrastructure . Host countries will not be able to capture the full benefits associated with FDI until they reach a certain threshold level in terms of educational attainment, provision of infrastructure services, local technological capabilities and the development of local financial markets in sale of products in India. Igniting the manufacturing sector is the key to kick-start a virtuous cycle of higher economic growth in India. Manufacturing sector has for long been the Achilles heel of our economy. The contribution of manufacturing to India's GDP has largely been stagnant at 15.5% over the last 35 years and its contribution to India's export basket remains meager vis-à-vis offshore competitors. Make in India was launched by Prime Minister, Narendra Modi on 25 September 2014, to encourage companies to manufacture their products in India. He has launched this ambitious campaign with an aim to turn the country into a global manufacturing hub. Make in India is aimed at making India a manufacturing hub and economic transformation while eliminating the unnecessary laws and regulations, making bureaucratic processes easier, making the government more transparent, responsive and accountable and to take manufacturing growth to 10% on a sustainable basis. Two sets of governmental actions have been examined here are; legislative and administrative actions. There is no doubt that many of our archaic laws need serious relook but more than that there is a need to bring about political consensus as otherwise it creates an atmosphere of mutual mistrust and present as if industry and agriculture are competitors rather than complementary to each other.

Keywords: FDI, Industrial production, Infrastructure, Make in India.

Introduction

The Indian manufacturing sector is the classic example of an industry that has great potential. The objective of the scheme is to ensure the manufacturing sector which contributes around 16% of

country's GDP is increased to 25% in next 5 years. Make in India scheme Eliminates Unnecessary laws and regulations. Three sectors which contribute to GDP of any country are agriculture, manufacturing and services. According to the current contributions of these sectors to Indian economy manufacturing occupies 16% which is lowest. There Are lots of opportunities to be tapped as far as Indian manufacturing sector is concerned. Many businessmen and entrepreneurs view the Make in India initiative for betterment of our economy. VNS Global Services group CEO Keshav Murugesh said “ digitization campaign such as digital India , Make in India, creating smart cities and other digitization projects initiated by the Indian Government in the past one year has been made for the betterment of India. Major objective of this scheme focuses on 25 sectors. The sectors are Automobiles, textiles and Garments, Biotechnology, Wellness, Defence, Manufacturing, Ports, Food Processing, Mining, Media and Entertainment, IT and BPM, Pharmaceuticals, Renewable Energy, Roads and Highways, Railways, Thermal Power, Oil and Gas, Space, Leather , Construction, Aviation, automobile components, chemicals and Electronic System. “Make in India” The major objective behind this initiative is to focus upon the heavy industries and public enterprises while generating employment in India. “Make in India” campaign aimed at making India a manufacturing hub and economic transformation in India while eliminating the unnecessary laws and regulations, making bureaucratic processes easier and shorter, and make government more transparent, responsive and accountable. This campaign basically gives hope to the unemployed to find a decent job if not big jobs as manufacturing leads to creation of lot of service sector activity. But India will have to make sure to focus on quality education rather than just skill development.

Automobile makers with manufacturing facilities in India are looking beyond South Asia, Africa and Latin American markets for exports. Swedish commercial vehicle (CV) maker Volvo Bus Corporation on Tuesday said that it will export 'Made in India' buses to developed markets in Europe, a move that will enhance prime minister Narendra Modi's 'Make in India' campaign. The company plans to unveil the first such bus in Europe by the end of the year. Japan's Sony Corp. will start making its popular Bravia television sets in India as part of the government's Make in India initiative. “India has been an important strategic market for Sony. Sony sees huge potential in the television business as more and more Indian customers are expected to switch from CRT (cathode ray tube) to LCD televisions over the next few years. Bravia televisions account for more than 40% of Sony India's overall sales. With products now being manufactured locally, Sony plans to strengthen its distribution channel in India.

There is no doubt that many of our archaic laws need serious relook but more than that there is a need to bring about political consensus as otherwise it creates an atmosphere of mutual mistrust and present as if industry and agriculture are competitors rather than complementary to each other. As far as administrative actions are concerned merely policy change may not be sufficient unless accompanied by enabling administrative reforms at the ground level so as to implement the policy without dilution.

Objectives of Study

- To infrastructure development for our nation's. To know the SWOT analysis for make in India. To know the advantages and disadvantages of make in India.
- The Make in India campaign focuses on attracting and helping businesses to invest and set up their manufacturing units in India.
- To know the FDI.
- To know the SWOT analysis for make in India
- To know the advantage and disadvantage of make in India
- To know the challenges for implementation of the Make in India scheme.

Research Methodology

The study is based on secondary data. The required data has been collected from various sources i.e. research papers, various Bulletins Of Reserve Bank Of India, Publications from Ministry Of Commerce, Govt. Of India that are available on the internet.

Limitations of the Study

- The study is based on published data and information. No primary data is being collected.
- Every care has been taken to entice qualitative and correct data; still secondary data have been collected for the purposes other than the problem at hand.
- The objectives, nature and methods used to collect secondary data may not be appropriate to the present situation. Secondary data may be lacking in accuracy, or they may not be completely current or dependable.
- Time constraint remained the major limitation in the study.
- The biases can always be there.
- Before using secondary data, it is important to evaluate them on above mentioned factors. So, it consumes the same amount of time as the primary data.

History of Make in India

Narendra Modi and Cabinet ministers at the concluding session of the national workshop on Make in India in New Delhi, 10 December 2014 Prime Minister Narendra Modi launched the Make in India program on 25 September 2014 in a function at the Vigyan Bhavan. On 29 December 2014, a workshop was organized by the Department of Industrial Policy and Promotion which was attended by PM Modi, his cabinet ministers and chief secretaries of states as well as various industry leaders.

The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy. The initiative also aims at high quality standards and minimizing the impact on the environment. The initiative hopes to attract capital and technological investment in India.

The campaign was designed by Wieden+Kennedy.

Under the initiative, brochures on the 25 sectors and a web portal were released. Before the initiative was launched, foreign equity caps in various sectors had been relaxed. The application for licenses was made available online and the validity of licenses was increased to three years. Various other norms and procedures were also relaxed.

In August 2014, the Cabinet of India allowed 49% foreign direct investment (FDI) in the defense sector and 100% in railway infrastructure. The defense sector previously allowed 26% FDI and FDI was not allowed in railways. This was in hope of bringing down the military imports of India. Earlier, one Indian company would have held the November 2015, the government received 11 1.20 lakh crore (US\$18 billion) worth of proposals from companies with 51% stake; this was changed so that multiple companies could hold the 51%. Between September 2014 and November 2015, the government received 1.20 lakh crore (US\$18billion) worth of proposals from companies interested in manufacturing electronics in India. 24.8% of smartphones shipped in the country in the April-June Quarter of 2015 were made in India, up from 19.9% the previous quarter.

Concept of Make in India

In keeping with the theme of development, "Make in India " is an initiative of the Government of India, launched by Prime Minister, Mr.Narendra Modi on 25th September 2014 to encourage companies to manufacture their products in India. To improve the regulatory climate, to enable manufacturing and to open Foreign Direct Investment in key sectors, i.e., the three pillars to bring about a positive transformation in manufacturing. Important sectors like defense production, civil construction and railways have been opened to greater foreign investment by the government. The process of applying for industrial licenses has been greatly simplified and made online. Manufacturing units, except for those producing hazardous materials, can now do a great deal of self-certification, thereby reducing the ambit of government inspectors in the private manufacturing sector. Much of the interface between entrepreneurs and the government, both central and state, has been made online. All the economic measures have been taken by the government, to improve the climate for doing business in India, along with their resolve to improve employment and decrease poverty among the people. There is a new confidence among the entrepreneurial community in the legislative framework and the regulatory mechanisms of the government. Hence it leads to new belief among the common people for rapid progress and development and enhanced growth.

The Make in India focuses on new ideas and initiatives such as

- First Develop India and then Foreign Direct Investment,
- Look-East on one side and Link-West on the other,

- Highways and T-junctions.
- Facilitate investment
- Foster innovation
- Protect intellectual property
- Build best-in-class manufacturing infrastructure.
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Benefits of Make in India Campaign

- Increase in Manufacturing & Export:** Export is picking up giving a slight push to the economy. Global investment will transform India into a global manufacturing hub with the use of the latest technology.
- Generation of more jobs:** Increased investment will create more jobs for the skilled labour force. This will create a job market for over 1 crore. Government has started a skill development programme which will generate more skilled workers.
- Attract more FDI:** With a promise to enhance the ease of doing business in India, the Government will attract more FDI in India. It has already attracted INR 20K millions worth investment proposals by October '14.

Manufacturing led transformation approaches

To achieve a manufacturing led transformation, India would need to undertake a structured and planned approach across three levels:

- Revive manufacturing:** The right infrastructure not only ensures an effective supply chain and key inputs feeding into the manufacturing process but also creates a seamless link across production hubs and end markets both domestic and global. Domains emerge from these areas requiring significant change to revive domestic manufacturing:
 - Financial environment
 - Land acquisition
 - Administrative environment
 - Legal & regulatory environment
- Gain global competitive advantage:** building an export ecosystem and developing an infrastructure which supports export growth and attracting more investments

- Claim global leadership:** sustaining and expanding competitiveness, changing mindset

Strengths of India's Manufacturing

- Low Labor costs in India.
- Demographic Dividend to Indians advantage.
- Rising incomes with rising exports.

- India's domestic consumer market is the most rapidly growing consumer market in Asia.
- India has already marked its presence as one of the fastest growing economies of the world.
- The country is expected to rank amongst the world's top three growth economies and amongst the top three manufacturing destinations by 2020.
- Favorable demographic dividends for the next 2-3 decades. Sustained availability of quality workforce.
- The cost of manpower is relatively low as compared to other countries.
- Responsible business houses operating with credibility and professionalism.
- Strong consumerism in the domestic market.
- Strong technical and engineering capabilities backed by topnotch scientific and technical institutes.
- Well-regulated and stable financial markets open to foreign investors.

Focus Sectors Are

1. Automobiles
2. Automobile Component
3. Aviation
4. Biotechnology
5. Chemicals
6. Construction
7. Defense Manufacturing
8. Electrical Machinery
9. Electronics Systems
10. Food Processing
11. IT & BPM
12. Leather
13. Media and Entertainment
14. Mining
15. Oil and Gas
16. Pharmaceuticals
17. Ports
18. Railways
19. Renewable Energy
20. Roads and Highways
21. Space
22. Textiles and Garments
23. Thermal Power
24. Tourism
25. Hospitality and Wellness

Factors Impacting the Ease of Doing Business in India

- Delays in land acquisition.
- Delays in municipal permission.
- Delays in supply of materials.
- Delays in award of work.
- Operational issues dragging down the implementation of the projects.
- Movement of projects through multiple departments at the state and Central levels
Involvement of multiple agencies.
- Requirement of various approvals across different stages of the project cycle.

Swot Analysis Strengths

1. Low cost of production
2. Higher operational efficiency
3. Availability of skilled manpower
4. Growing domestic market
5. Indian economic is fast growing economy in the world

Weakness

1. Poor infrastructure
2. Low investments in R&D
3. Lack of experience and knowledge

Opportunities

1. Global Market opportunity
2. Introduce newer modules
3. Reduce manufacture cost
4. India is an emerging global economy and political power

Threats

1. Counter campaign by other countries
2. Changing global economic, political scenario and their implication
3. Appreciation of rupee

Will 'Make in India' succeed project

The government of India is making yet another attempt to boost manufacturing output in the country. In order to attract investments into the sector, Prime Minister Narendra Modi launched the "Make in India" campaign at an event last month in the capital with top industrialists in

attendance. Simply put, the idea is that higher investment and activity in the manufacturing sector, on the one hand, will create job opportunities for the ever increasing workforce in the country and, on the other hand, will become the engine of growth for the Indian economy. It will be a win-win situation.

The rise of Asian countries as manufacturing hubs in the post-war period, particularly Japan and China, had at least one thing in common—undervalued currency. Because of the damage inflicted by World War II, the Japanese economy was in shambles. Output collapsed and prices were rising uncontrollably (yes, prices can rise in Japan as well). In order to bring the economy back on track, among other things, the exchange rate was fixed at 360 yen to the US dollar in 1949 and it remained so for the next 22 years. “...the rate of 360 yen to one dollar was probably an undervaluation. It certainly allowed Japan to embark on an export-led growth strategy.”

It is highly unlikely that India at this stage will get a similar currency advantage, which was an important factor behind the rise of Japan, China and other Asian economies. However, it will help if the Reserve Bank of India does not allow the rupee to appreciate solely on the back of capital flows, as has been the case in the past, and makes sure that it adjusts to the difference in inflation with trading partners. India at this point may not like to rig the foreign exchange market to promote export-led manufacturing but it can surely keep a check on the currency becoming a disadvantage at any stage for Indian producers. This is not to suggest that output cannot expand in the sector without the support of a weaker currency, but to underline the fact that it is likely to take a lot more time, effort and creative thinking“ than commonly perceived.

Suggestion

- The need to encourage the manufacturing sector. We need to channelize the strength of the youth through manufacturing.
- Skill development programs would be launched especially for people from rural and poor once from urban cities.
- To create on zero level important for manufacturing sector products.
- To focus on the domestic market as well as in foreign market also because of increasing on Indian currency value around the world.

Conclusion

'Make in India' initiative has achieved a 39 per cent increase in FDI inflow despite adverse global investment climate. (February 24, 2016 President Pranab Mukherjee, in his address to a joint session of Parliament). It must be a dream for "Made in India' products around the world. "We need to encourage the manufacturing sector. We need to channelize the strength of the youth through manufacturing," Modi stressed. "Manufactured goods should have zero defects as also zero effect on the environment," Modi added "We should strive to be a nation that doesn't import, but exports," Modi said. "I urge the youth to reduce dependence on imported products," Modi

added, India's young population have skill and talent which will help India in making the country a export hub of the world, he said, asserting that focus on manufacturing sector would help in creating employment for people besides maintaining balance in exports and imports. He also asked the young people of the country to enter manufacturing sector by setting up small units. "Our manufacturing should have zero defect so that our products should not be rejected in the global market. Besides, we should also keep in mind that manufacturing should not have any negative impact on our environment," It is highly unlikely that India at this stage will get a similar currency advantage, which was an important factor behind the rise of Japan, China and other Asian economies. However, it will help if the Reserve Bank of India does not allow the rupee to appreciate solely on the back of capital flows, as has been the case in the past, and makes sure that it adjusts to the difference in inflation with trading partners. India at this point may not like to rig the foreign exchange market to promote export-led manufacturing but it can surely keep a check on the currency becoming a disadvantage at any stage for Indian producers.

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